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Security Council

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Letter dated 4 December 2000 from the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone, and further to my letter of 6 October 2000 addressed to the President of the Security Council (S/2000/966), the Government of Sierra Leone on 29 November 2000, in compliance with paragraph 2 of resolution 1306 (2000), submitted additional information to the Committee regarding the new certification regime for the export of Sierra Leone diamonds.

In this connection, and in accordance with paragraph 5 of Security Council resolution 1306 (2000), the Committee would appreciate it if this letter together with its enclosure were brought to the attention of the members of the Security Council and issued as a document of the Security Council.

(Signed) Anwarul Karim **Chowdhury**
Chairman
Security Council Committee established pursuant to
resolution 1132 (1997) concerning Sierra Leone

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Annex

Letter dated 29 November 2000 from the Permanent Representative of Sierra Leone to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 1132 (1997) concerning Sierra Leone

With reference to my letter of 7 November 2000, I have the honour to forward herewith a document entitled "New Certification Regime for the Export of Sierra Leone Diamonds".

It contains relevant information, with annexes, and summarizes details of the certificate of origin system which became operational last month under the provisions of Security Council resolution 1306 (2000).

I should be grateful if you would have this document circulated to Member States accordingly.

(Signed) Ibrahim M. **Kamara**
Ambassador
Permanent Representative

Enclosure

GOVERNMENT OF SIERRA LEONE

NEW CERTIFICATION REGIME FOR THE EXPORT OF SIERRA LEONE DIAMONDS

I. INTRODUCTION

1. On 5 July 2000, the Security Council, by Resolution 1306 (2000 decided that "all States take the necessary measures to prohibit the direct and indirect import of all rough diamonds from Sierra Leone to their territory." The Council requested the Government of Sierra Leone to ensure, as a matter of urgency, that an effective Certificate of Origin regime for trade in diamonds is in operation in Sierra Leone.

2. The Council also decided that rough diamonds controlled by the Government of Sierra Leone through the Certificate of Origin regime shall be exempt from the prohibition when an effective regime was fully operational. The Council *inter alia* requested States, relevant international organizations and other bodies in a position to do so to offer assistance to the Government of Sierra Leone to facilitate the full operation of an effective Certificate of Origin regime for Sierra Leone rough diamonds.

3. In developing the new regime, the Government of Sierra Leone revised and substantially improved its existing diamond practices and procedures. It received assistance from the Governments of the United Kingdom, the United States, Belgium, and Israel, and with technical assistance of the Diamond High Council (HRD) of Antwerp, the United States Agency for International Development (USAID), and the Foreign and Commonwealth Office of the United Kingdom (DFID). The HRD had offered assistance in acquiring the hardware and software required putting the new systems into operation, and to train personnel. The British Foreign and Commonwealth Officer provided assistance in printing the first new Certificates of Origin, and USAID provided administrative and management experts to detect and help correct weaknesses that could compromise the integrity of the new systems, and to help create a monitoring system.

4. On 31 July 2000, in connection with the exploratory hearing organized by the Committee established by resolution 1132 (1997) ("the Committee"), to assess the role of diamonds and trade in arms and related materiel in violation of resolution 1171 (1998), the Government of Sierra Leone presented full details and description of the new regime for the export of rough and uncut diamonds, including samples of the new

Certificate of Origin. In compliance with resolution 1306 (2000), these were formally presented to the Committee on 4 August 2000.

5. The Committee subsequently took note of the proposed regime and requested further information on the programme for monitoring the sale of diamonds to be implemented by the Government of Sierra Leone under the proposed regime so that diamond export from Sierra Leone "can resume soon."

6. As requested, the Government of Sierra Leone submitted additional information, and informed the Committee that any delay in the export of diamonds, especially those that had been stockpiled since the adoption of resolution 1306 (2000), would have a serious negative impact on foreign exchange earnings needed to finance basic services in the war afflicted nation. The Government of Sierra Leone had also made it clear to interested parties that further delay in the export of the stockpile would definitely result in their disappearance, and that ultimately they would find their way into international markets through clandestine channels.

7. Accordingly, on receiving the first set of printed Certificates of Origin, the Government of Sierra Leone proposed to the Committee that the exemption specified in paragraph 5 of resolution 1306 (2000), take effect on 12 October 2000.

8. On 23 October 2000, the Government of Sierra Leone exported the first parcels of diamonds under the new Certificate of Origin regime.

9. The Government of Sierra Leone informed the World Diamond Council on 4 October 2000, of its decision to appoint selected diamond companies from within five diamond trading centres in Belgium, India, Israel, South Africa and the United States, as Government Export Agents. The attention of the World Diamond Council was drawn to the provisions of resolution 1306 (2000). The Government also emphasized that all importers of Sierra Leone diamonds should produce a certificate of origin authorized by the Government of Sierra Leone with the parcels in a tamper-free package. It further emphasized that any signs of tampering would violate resolution 1306(2000). A hard copy of the main security features of the Certification of Origin was also forwarded to the World Diamond Council for the information of the importing authorities in the five selected countries. As a follow-up, the Permanent Mission of Sierra Leone to the United Nations informed the Permanent Missions of the five countries concerned about the appointment of Government Export Agents in their respective countries.

10. It was the view of the Committee that in order to facilitate compliance by States with the relevant provisions of resolution 1306 (2000), it was essential that samples of the certificates and other related appropriate materials be disseminated to all Member States of the United Nations.

11. In response to that suggestion the Government of Sierra Leone has compiled the appropriate materials with annexes, for the information of Member States of the Organization.

II. SUMMARY DESCRIPTION OF THE NEW REGIME FOR THE EXPORT OF DIAMONDS FROM SIERRA LEONE

12. The new regime for exporting rough and uncut diamonds controlled by the Government of Sierra Leone through a Certification of Origin system consists of seven component parts, described as follows:

(a) New export documentation and related procedures, including,

- **Certificate of Origin** (numbered new document on forgery-proof security paper) as illustrated in Annex I.

- **Import Confirmation Certificate** (numbered document on forgery-proof security paper, matching the Certificate of Origin, to be detached from the Certificate of Origin by the importing authority at destination, and returned to the exporting authority).

- **Numbered label**, matching the Certificate of Origin, to be placed on the sealed parcel, with a legend warning that unauthorized opening in transit constitutes a violation of UN Security Council resolution 1306 (2000).

- **Revised "Schedule B" Valuation Form**, with detail of export duties, as illustrated in Annex II

- **A Commercial Invoice**, with the information and in a format approved by the Bank of Sierra Leone, conforming to standard international trade practices, shall accompany all Certificates of Origin and "Schedule B".

(b) New electronic database of exports with electronic confirmation at destination. The electronic recording and confirmation system is being used simultaneously and in parallel to the manual system with hard copies.

- The Diamond High Council (HRD) of Belgium designed, specified and procured for the Government of Sierra Leone, the necessary hardware and software, and has offered training of personnel in Sierra Leone and Belgium to operate the system.

- The HRD will fully facilitate these systems for their adoption by and operations in importing countries, but at the expense of the importing countries, in order to maintain a unified, worldwide system of electronic recording of exports and imports of rough diamonds.

- The new system is being operated by governmental authorities of the exporting and importing countries, with due protection of commercial information, following normal international trade practices. Non-commercial, statistical data will be provided to the proposed monitoring mechanisms of the International Diamond Manufacturers Association (IDMA) or their delegated body.

(c) New digital photographs and a new procedure to accompany documentation with a digital photograph of the rough diamonds, as presented for valuation to the Sierra Leone Government Gold and Diamond Office (GGDO). The digital photograph is sent electronically together with the electronic transmission of the information contained in the Certificate of Origin for the respective shipment. The digital photograph is another tool for describing the goods being exported. However, it does not replace the description of the goods under "Schedule B", but intended as an additional aid to ensure that the goods seen and valued at origin are the same goods seen and valued at destination.

(d) Strict adherence to procedures for handling parcels once they are sealed at origin, until they are opened at destination. The seals on the parcels shall not be broken or tampered with in transit. Importing authorities should seize any parcel whose packing or documentation exhibits damage or signs of tampering. Transportation carriers will be deemed in violation of UN Security Council resolution 1306 (2000) if they transport goods whose packing or documentation is damaged or exhibit signs of tampering. Any damage to packing should be reported immediately to exporting and importing authorities.

(e) Revised system of licensing exporters and their respective buying agents. A limited number of exporters will be authorized by the Ministry of Mineral Resources, with more rigorous requirements, including membership in one of the recognized diamond bourses or the International Diamond Manufacturers Association, and the obligation to

adhere to new banking regulations regarding deposit of receipts from exports into accounts of accredited commercial banks.

(f) Revised fiscal policy and revised system for banking and assessing foreign exchange to ensure free convertibility and efficient and secure transactions by internationally recognized banks duly accredited by the Bank of Sierra Leone, as described in the "Guidelines on the Mining and Marketing of Diamonds in Sierra Leone". The details of the foreign exchange, banking and fiscal policy is being developed and adopted by the relevant authorities.

(g) Proposed programme to monitor mining and sales of diamonds before exporting, to ensure that no "conflict diamonds" are exported through legitimate Government of Sierra Leone channels. The Commission for the Management of Strategic Resources, National Reconstruction and Development (CMRRD), will supervise the monitoring programme as described in the "Guidelines on the Mining and Marketing of Diamonds in Sierra Leone". These guidelines were published in draft form by the Government of Sierra Leone to obtain input from the public before their adoption as official policy. The Commission will establish a system to monitor mining, sales and exports of diamonds, with the participation of diamond-producing communities, civil and traditional groups, and human rights organizations in Sierra Leone.

III. COMPLIANCE WITH SECURITY COUNCIL RESOLUTION 1306 (2000)

13. The Government of Sierra Leone believes that the adoption of the new Certificate of Origin documentation and procedures, together with the electronic and manual systems of export/import confirmation and digital photographs, constitute faithful implementation of resolution 1306 (2000).

14. Implementation of the additional measures proposed in sub-paragraphs (e) through (g) above, will be incremental, and does not constitute obligatory compliance with resolution 1306 (2000). However, the Government considers them as important components of an effective, integrated and comprehensive system to be implemented in the spirit of the resolution.

15. The systems described in these information materials are not perfect. They represent a major improvement of previous national control mechanisms under which diamonds were exported. The Government has put the new certification regime into effect on a trial basis for a period of 90 days. They will be evaluated and revised as necessary, with the assistance of the Diamond High Council (HRD) and the Governments

named above. The Government of Sierra Leone will notify the Committee on the status of the new systems, in time for the second review envisaged under paragraph 13 of resolution 1306 (2000).

IV. PROCEDURES FOR THE ISSUANCE OF DIAMOND EXPORT LICENCES BY THE GOVERNMENT OF SIERRA LEONE

16. The following procedures have been instituted for the issuance of diamond export:

A. Application

(i) Application for the granting of a diamond exporter's licence is submitted by the applicant to the Director of Mines in the prescribed application form (Annex III)

(ii) Applicant should be an internationally reputable company that meets the following requirements:

(a) an active member of one of the diamond bourses associated with the World Federation of Diamond Bourses (WFDB) or the International Diamond Manufacturers Association (IDMA), and demonstrating credentials and current standing.

(b) statement of capital to be invested, and all transactions including sales, be channeled through a bank account in Sierra Leone or a reputable merchant bank recognized by the Bank of Sierra Leone.

(iii) Applicant should provide a profile of its activities, including outlets.

(iv) Company should have a Sierra Leonean participation.

B. Disposal (Processing of Application)

(i) All applications submitted will be scrutinized as to the authenticity and veracity of the information provided

(ii) The Director of Mines will recommend the approval of an applicant to the Ministry of Mineral Resources

(iii) The Minister of Mineral Resources will approve an application within a period of one month from the date of receipt of the application.

(iv) Applicants who have been approved are required to deposit a cautionary fee or Bank guarantee of US$50,000 (Fifty thousand dollars) at the Bank of Sierra Leone. This amount is refundable at the expiry of the exporter's business.

C. Licence

(i) The exporter's licence is issued by the Minister of Mineral Resources on the payment of a prescribed fee in US dollars.

(ii) The exporter's licence is issued for one year and expires on the anniversary date of issue.

D. Export Fees and taxes

Export taxes will be paid at the rate three (3) per cent of the value of diamonds exported, computed and payable in US dollars. The exporter, in a separate certification fee, will pay the cost of the Certificate of Origin and related documentation.

E. Buying Agents

(i) Buying agents should provide proof that they are complying with procedures established by the Commission for the Management of Strategic Resources, National Reconstruction and Development (CMRRD), to ensure that no transactions are conducted with any persons or groups associated with armed insurgents, rebel forces, or any other movement using violence against civilians or State. Until such time as the CMRRD is fully operational, buying agents shall provide such proof to the Ministry of Mineral Resources.

(ii) Each exporter will be allowed to employ buying agents approved by the Director of Mines and issued with The prescribed buying agents certificates.

F. Purchase of diamonds

(i) Exporters will be allowed to purchase diamonds in US dollars, and to open foreign currency accounts in accredited commercial banks in Sierra Leone to finance their operations. Exporters will be required to show evidence of importation of all foreign currency inflows and outflows.

(ii) Each exporter will be required to keep a record of all diamond transactions, purchases and exports, and issue a numbered invoice or receipt for each transaction.

G. Monthly Statements

Monthly statements of all transactions shall be submitted to the Bank of Sierra Leone with copies to the Director of Mines not later than the 10th day of the succeeding month.

H. Training of Sierra Leonean nationals

Each exporter will be required to employ and to train at least one Sierra Leonean as a Valuer, to the satisfaction of the Government Gold and Diamond Office (GGDO).

V. PROCEDURES FOR THE VALUATION OF DIAMONDS BY THE GOVERNMENT GOLD AND DIAMOND OFFICE (GGDO)

17. The Government of Sierra Leone has established the following procedures for the valuation of diamonds:

i. Every licensed diamond exporter shall give at least 24 hours notice to the GGDO Valuer and the Director of Mines prior to the presentation of goods for valuation at the office of the Government Valuer located at the Bank of Sierra Leone.

ii. The GGDO Valuer may refuse to carry out valuation of diamonds if a licensed exporter has not made an appointment within the stipulated time.

iii. Only diamonds won or purchased under the artisanal or small-scale mining schemes should be presented to the GGDO Valuer at the Bank of Sierra Leone.

iv. A diamond parcel for export shall be presented by the exporter with details of contents as prescribed in "Schedule B". Six (6) copies of "Schedule B" shall be completed for every shipment.

v. The portion of "Schedule B" to be completed by the exporter shall be properly filled in with the exporter's own valuation.

vi. The Government Valuer shall sieve and sort the diamonds according to the various categories as enumerated in the GGDO classification schedule.

vii. After classification of the parcel into various categories and sizes, the Valuer will then put a value on each category according to its quality and weight, using Rapaport or DTC price lists.

viii. The Government Valuer then completes his own section of the "Schedule B" next to the exporter's.

ix. The higher of the two computed values on the Schedule "B" form shall be used to calculate the three (3%) percent payable to the Government by the exporter.

x. Valuation shall be done in the presence of the licensed exporter or his accredited agent, a Mines Monitoring Officer (MMO), and a Custom Officer.

xi. Every endeavour shall be made to complete the valuation of diamond parcel(s) on the same day of their presentation to the valuation office.

xii. After valuation, the various categories of diamonds shall be put into packets as directed by the exporter.

xiii. The various packets are then placed in a box.

xiv. The box is then wrapped with plain brown paper.

xv. The wrapped box is then secured with a cotton tape lengthwise and breadth-wise.

xvi. On the junctions where the tapes cross, four (4) waxed seals of the Valuer, the MMO and the Customs Officer, are placed.

xvii. A certificate of origin is then prepared, showing details of the valuation of the shipment. The security strip is detached from the certificate of origin and wrapped around the package.

xviii. The completed certificate of origin signed by at least three (including the Minister of Mineral Resources) or of four signatories approved by the Government and the sealed box are then placed into a transparent plastic polythene bag and then sealed.

xix. The sealed parcel shall show all the following information on one side of the brown wrapping paper:

(a) weight of parcel in pounds (lbs) and ounces (ozs.) or kilogram and grams

(b) dimensions of the diamond parcel in inches or cm

(c) the shipment number

(d) the total number of packages inside the box

(e) the Government Valuer's stamp and signature

xx. A custom declaration from is completed by the Customs Officer present at the valuation, and placed in an envelope, which is then sealed and addressed to the senior Customs Officer at the airport.

xxi. The sealed package and the sealed envelope are handed over to the exporter or his accredited agent.

xxii. At the airport the sealed envelope containing the customs declaration from is opened by the Senior Customs Officer.

xxiii. The information contained therein is used to confirm the specifications of the sealed package and certificate of origin.

xxiv. The Import Confirmation Certificate (ICC) which is a detachable portion of the certificate of origin, is returned by the importer on receipt and revaluation of shipment, to the GGDO in Freetiwon.

xxv. Failure to return the ICC shall constitute a breach of the prohibition measures contained in Security Council resolution 1306(2000).

Annex I

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NOT TO BE OPENED FOR INSPECTION EXCEPT BY IMPORTING AUTHORITY AT DESTINATION
(Unauthorized opening constitutes a violation of the Sanctions imposed by the UN Security Council Res. 1306)
NE PEUT ETRE OUVERT QUE PAR LES AUTORITES D'IMPORTATION A LA DESTINATION
(Toute ouverture non-autorisée est constitutive d'une infraction du régime de Sanctions imposé par le Conseil de Sécurité des Nations Unies - Res. 1306)

DRAFT

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THE SIERRA LEONE GOVERNMENT
MINISTRY OF MINERAL RESOURCES
GOVERNMENT GOLD AND DIAMOND OFFICE

Product: ROUGH (UNCUT DIAMONDS)
Produit: DIAMANT BRUT

CERTIFICATE OF ORIGIN

Name and Address of Consignee ..... PARCEL CODE .....

.....

This is to Certify that Parcel No. ..... exported by ..... holder of Exporters Licence No. ..... containing ROUGH (UNCUT) DIAMONDS as specified in Schedule 'B' No. ..... attached to this Certificate was valued by the Government Diamond Valuer on .....

UNDER THE AUTHORITY OF THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE

	CARAT	VALUE (US$)
GEM		
INDUSTRIAL		
TOTAL		

Dated this ..... Day of ..... 2.....

Issued in FREETOWN, Republic of Sierra Leone.

CUSTOMS OFFICER ..... MINISTER OF MINERAL RESOURCES ..... GOVERNMENT VALUER

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IMPORT CONFIRMATION CERTIFICATE
CERTIFICAT DE CONFIRMATION D'IMPORTATION

This is to certify that the hereby certified product was imported into

and that the import has been checked and verified in compliance with all rules and regulations concerned and in strict observance of UNSC Res. 1306 on (date)

For the Importing Authorities,

DRAFT

Customs Seal

Other Authority (specify)

Reverse side of Certificate of Origin

CLASSIFICATION	QUANTITY	WEIGHT IN CARAT	PRICE PER CARAT	TOTAL PRICE	TO BE COMPLETED BY THE GOVERNMENT DIAMOND OFFICE: PRICE PER CARAT	TO BE COMPLETED BY THE GOVERNMENT DIAMOND OFFICE: EXPORT VALUE
A. **INDUSTRIAL**) 1. Industrial) 2. Near Gem) may be mixed						
INDUSTRIAL TOTAL						
B. GEM 1. Smalls – 7 2. – 13.7 Melees, Chips, Maccles. (may be mixed) 3. 5-8 grainers. 1.40c to 2.79c. stones cleavage, maccles (may be mixed) 4. 3-14 carats. 2.80c to 14.79c 5. 14.8 carats and over.						
GEM TOTAL						
GRAND TOTAL						

Description & Valuation of Confirmed Imported Goods
CARAT VALUE (US$)
As per documentation VALUE (US$)
As per Independent valuation*
GEM INDUSTRIAL TOTAL
* Only to be mentioned if valuation at import is

Annex II

3% EXPORT DUTY US$ .....

MINES DIVISION MINISTRY OF MINES
SCHEDULE "B"

RATE US$=Le .....

GOVERNMENT DIAMOND VALUATION OFFICE DIAMOND VALUATION FORM.

To be completed by Exporter:

1. Name of Exporter :
2. Address of Exporter in Sierra Leone
3. Exporter's Licence No:
4. Date of Expiry

PARCEL NO.....
C.O.D
5. Name and Address of consignee

6 Approximate date of Export .....

	TO BE COMPLETED BY THE EXPORTER				TO BE COMPLETED BY THE GOVERNMENT DIAMOND OFFICE	
CLASSIFICATION	**QUANTITY**	**WEIGHT IN CARAT**	**PRICE PER CARAT**	**TOTAL PRICE**	**PRICE PER CARAT**	**EXPORT VALUE**
A. INDUSTRIAL) 1. Industrial) 2. Near Gem) may be mixed						
INDUSTRIAL TOTAL						
B. GEM 1. Smalls - 7 - 2. -13 .7 Melees. Chips. Maccles (may be mixed) 3. 5-8 grainers. 1.40c to 2.79c. stones cleavage maccles.(may be mixed) 4. 3-14 carats 2.80c to 14.79c. 5. 14.8 carats and over						
GEM TOTAL						
GRAND TOTAL						

DECLARATION.

I/WE hereby declare and confirm that the prices of the above listed precious stones are my/our valuation, correct to the best of my/our knowledge for which I/we are fully responsible. It is understood that Export Duty of 3% will be based on the approved Government Diamond Office valuation of the goods.

DATE.....

SIGNATURE OF EXPORTER

DECLARATION.

I ..... Government Diamond Office Valuator hereby declared that this parcel No..... contains ..... carats of diamonds valued at Le ..... and that Export Duty of 3% amounting to the sum of Le ..... has been paid by the exporter. The weight of the parcel ..... and the Dimensions are .....

DATE

Signature of Government M I A

Signature of valuator and stamp

S/2000/1151

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Annex III

MINES AND MINERALS ACT
ARTISANAL/SMALL-SCALE MINING LICENCES
APPLICATION FOR PRECIOUS MINERALS EXPORTER'S LICENCE

Application No. .....

1. Full Name of Applicant .....

2. Nationality of Applicant .....Position in Company.....

3. Name of Company.....

4. Occupation of Applicant in (a) Sierra Leone .....
(b) Overseas .....

5. Business Address in Sierra Leone

.....

6. Business Address Overseas

.....

7. Application submitted for following Precious Mineral(s)

.....

8. Passport Information (where applicable)

(a) Passport Number and Nationality.....

(b) Date and Place of Issue .....

(c) Expiry Date .....

9. Supporting Evidence of Available Capital (Bank Statement/Guarantee) and Professional Experience (attach)

10. Corporate bodies - Photocopies of Certificate of incorporation, Business registration and M & A are to be attached.

11. Total purchases and values, total sales and values, over past four years, where applicable (attach)

12. References: (From foreign new applicants) Letters of recommendation from Diplomatic Mission / Home Government

I hereby declare that the statements made by me in this document and attachments are, to the best of my knowledge, correct

Date .....

.....
Signature of Applicant